

## Message Text

CONFIDENTIAL

PAGE 01 MANAGU 04286 01 OF 02 121942Z  
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
-----093530 121955Z /62

O R 121907Z SEP 78  
FM AMEMBASSY MANAGUA  
TO SECSTATE WASHDC IMMEDIATE 7769  
INFO AMEMBASSY GUATEMALA  
AMEMBASSY CARACAS  
AMEMBASSY SAN JOSE  
AMEMBASSY SAN SALVADOR  
AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L SECTION 01 OF 02 MANAGUA 4286

EXDIS

E.O. 11652: GDS  
TAGS: EGEN, PINT, NU  
SUBJECT: AMBASSADOR'S CONSULTATIONS WITH PRIVATE SECTOR RE  
COSTA RICAN MEDIATION

REF: STATE 229149

SUMMARY: AMB SOLAUN AND ECON CHIEF MET ON AFTERNOON OF  
SEPT 11 IN THREE SEPARATE SESSIONS WITH REPRESENTATIVES OF THE  
NATIONAL DEVELOPMENT INSTITUTE (INDE), THE CHAMBER OF COMMERCE,  
THE CHAMBER OF INDUSTRIES, AND THE ASSOCIATION OF AUTOMOBILE  
DISTRIBUTORS. ALL GROUPS WERE IN FAVOR OF THE CARAZO MEDIATION  
AND WELCOMED THE SUPPORT OF THE USG FOR THE MEDIATION EFFORT.  
THE AMBASSADOR PRESENTED THE USG POSITION ON SUPPORT OF THE  
CARAZO MEDIATION AS OUTLINE REFTEL. END SUMMARY

1. INDE VICE PRESIDENT JOSE FRANCISCO TERAN AND MEMBER OF  
THE BOARD SR. ARGUELLO WERE THANKFUL FOR THE OPPORTUNITY TO  
EXCHANGE IDEAS WITH THE AMB AND FOR THE POSSIBILITY OF  
AN OPENING IN THE POLITICAL IMPASSE IN NICARAGUA. THEY  
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PAGE 02 MANAGU 04286 01 OF 02 121942Z

SAID THAT WITH EACH PASSING HOUR THE SITUATION IS GETTING  
WORSE, THAT MORE PEOPLE ARE BEING LOST FROM THE MODERATE  
OPPOSITION, AND THERE IS A GROWING FEELING AMONG THE  
PRIVATE SECTOR THAT IT IS BEING LED BY EVENTS WHICH ARE  
FAST GETTING OUT OF CONTROL. TERAN STRESSED THE IMPORTANCE  
OF IMMEDIATENESS AND TIMING SAYING THAT DIPLOMATS SITTING  
IN NEW YORK WITH NO SENSE OF URGENCY WHILE BLOOD WAS

BEING SPILLED IN NICARAGUA IS UNCONSCIONABLE. HE SAID INDE HAD HAD MEETINGS LAST WEEK IN WHICH THE QUESTION OF MEDIATION CAME UP AND HE WAS SURE THE ORGANIZATION WOULD SUPPORT THE MEDIATION INITIATIVE OF PRESIDENT CARAZO. THE AMBASSADOR CAUTIONED THAT IT WOULD NOT BE WISE FOR ANY PRIVATE SECTOR GROUP TO GET OUT AHEAD OF THE REST OF THE OPPOSITION GROUPS AND THAT A COORDINATED EFFORT TO SUPPORT THE INITIATIVE BY AS LARGE A NUMBER OF OPPOSITION GROUPS AS POSSIBLE WOULD BE PREFERABLE. TERAN AGREED AND SAID THE FAO MIGHT BE MORE INTRANSIGENT IN THEIR POSITION BUT THAT THE PRIVATE SECTOR REPRESENTATIVES WERE MUCH MORE IN FAVOR OF MEDIATION AND DID NOT CONSIDER THE SIXTEEN POINTS OF THE FAO FOR A NATIONAL GOVERNMENT AS BEING INVIOLEATE. HE OUTLINED THREE POINTS THAT HE CONSIDERED BASIC TO A RESOLUTION OF THE CONFLICT FROM THE POINT OF VIEW OF THE MAJORITY OF BUSINESSMEN. FIRST, THERE IS NEED FOR A GENERAL AMNESTY; SECOND, A SOLUTION TO THE PROBLEM OF TACHITO, I.E., SOMOZA'S SON MUST BE SENT OUT OF THE COUNTRY AS A MILITARY ATTACHE OR IN SOME WAY A GUARANTEE MUST BE FOUND THAT PREVENTS HIS IMMEDIATE SUCCESSION AS DE FACTO OR DE JURE HEAD OF THE NATIONAL GUARD; THIRD, A COMPROMISE ON THE AMOUNT OF TIME SOMOZA STAYS IN POWER MUST BE FOUND, I.E., SOMOZA MUST LEAVE BEFORE 1981. TERAN SAID HE WOULD GET IN CONTACT WITH MEMBERS OF INDE, THE ARCHBISHOP OF MANAGUA (OBANDO) AND OTHER BISHOPS AND WITH OTHER PRIVATE SECTOR

CONFIDENTIAL

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PAGE 03 MANAGU 04286 01 OF 02 121942Z

GROUPS AND KEEP THE AMB INFORMED OF DEVELOPMENTS. HE AGAIN STRESSED THE IMPORTANCE OF TIME.

2. THE CHAMBER OF INDUSTRIES REPRESENTATIVES (BENJAMIN GALLO, ENRIQUE BOLANOS, ROBERTO SOLORZANO) WERE THE MOST CONSERVATIVE OF THE GROUPS. AFTER THE AMB PRESENTED THE US POSITION SUPPORTING THE CARAZO MEDIATION, THEY EXPRESSED DISLIKE FOR THE IDEA OF A STRIKE AT THIS TIME. THE PRESIDENT SAID THEY FELT RESPONSIBILITY TO SURVIVE NOT ONLY FOR THEMSELVES BUT FOR THEIR WORKERS. ALL EXPRESSED GREAT CONCERN FOR EVENTS IN THE COUNTRY AND ONE INDUSTRIALIST FROM MASAYA SAID THAT CITY WAS UNDER THE CONTROL OF YOUNG PEOPLE WITHOUT TRAINING AND WITH A CERTAIN NAIVE EUPHORIA. THE CITY WAS COVERED WITH POLITICAL GRAFFITTI THAT WAS ANTI-PRIVATE ENTERPRISE AND INCITING CLASS STRUGGLE. THEY SAID EVERY DAY THAT GOES BY MORE YOUNG PEOPLE ARE TURNING TO THE SANDINISTAS. MANY PEOPLE IN THE POORER NEIGHBORHOODS IN MANAGUA ARE JUST WAITING FOR THEIR CHANCE TO LOOT, AND WIDESPREAD LOOTING HAS ALREADY STARTED IN MASAYA. A MEMBER OF THE GROUP SPECULATED THAT SOME MEMBERS OF THE FAO MIGHT BELIEVE THEY HAVE SOMOZA UP AGAINST THE WALL AND MIGHT NOT BE WILLING TO SHOW A SIGN OF WEAKNESS AT

THIS TIME SUCH AS AGREEMENT TO A MEDIATION. NONETHELESS, THE CAHMBER OF INDUSTRIES REPRESENTATIVES WERE IN WHOLE-HEARTED SUPPORT OF THE CARAZO MEDIATION INITIATIVE AND OF USG SUPPORT FOR IT. THEY ONLY WISHED IT HAD COME EARLIER. THERE WAS SOME DISCUSSION ABOUT THE FACT THAT SOMOZA MIGHT NOT LIKE THE IDEA OF A MEDIATION EFFORT FROM COSTA RICA BECAUSE THE COSTA RICANS HAD PROVIDED SAFE HAVEN, EVEN ASSISTANCE, TO THE SANDINISTAS. THE AMB EXPLAINED THAT IT WAS NOT YET DECIDED WHO OR WHAT SPECIFIC FORM THE MEDIATION ATTEMPT MIGHT TAKE: THAT COULD BE DECIDED LATER. WHAT THE USG IS DOING NOW, THE AMB CONTINUED, IS TO SUPPORT THE MEDIATION CONCEPT AND TO TRY TO ACHIEVE AS BROAD A SPECTRUM OF SUPPORT FOR THAT CONCEPT WITHIN NICARAGUA AS POSSIBLE. THE PRESIDENT OF  
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PAGE 04 MANAGU 04286 01 OF 02 121942Z

THE CAHMBER THANKED THE AMB FOR THE MEETING AND SAID THAT THEY WOULD BE IN CONTACT WITH OTHER MEMBERS OF THE PRIVATE SECTOR TO COOPERATE IN A COORDINATED EFFORT TO SUPPORT THE MEDIATION EFFORT.

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PAGE 01 MANAGU 04286 02 OF 02 122036Z  
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C O N F I D E N T I A L SECTION 02 OF 02 MANAGUA 4286

EXDIS

3. THE AMB REPEATED THE USG POSITION TO THE CHAMBER OF

COMMERCE REPS. THE ACTING PRESIDENT OF THE CHAMBER OF COMMERCE NOEL RIVAS THANKED THE AMB AND SAID THAT HE WANTED HIM TO KNOW THAT HE HAD COME TO THE EMB WITH GREAT CARE SINCE HE HAD BEEN MOVING AROUND FOR SEVERAL DAYS SO AS NOT TO BE ARRESTED. HE SAID HIS HOUSE HAD BEEN BROKEN INTO BY THE GURADIA NACIONAL AND THAT THE HOMES OF MANY BUSINESSMEN AND OTHERS, EVEN SOME WITH FAMILY CONNECTIONS WITH SOMOZA, HAD BEEN VIOLENTLY AND SYSTEM-ATICALLY ROBBED BY MEMBERS OF THE GN. HE SAID THE CHAMBER AS FAR AS HE WAS CONCERNED WOULD BE IN FAVOR OF THE MEDIATION EFFORT BUT THAT MINUTES COUNTED IN THE PRESENT SITUATION AS IT WAS DETERIORATING RAPIDLY. THE LONGER THE GN KEEPS "ROBBING, WOUNDING AND KILLING" PEOPLE THE MORE PEOPLE ARE BEING DRIVEN ITO THE ARMS OF THE SANDINISTAS AND THE RADICALIZING OF NICARAGUAN SOCIETY IS ALREADY UNDERWAY. HE SAID IT IS HARD TO TELL PEOPLE WHO ARE BEING PERSECUTED BY SOMOZA THAT THEY SHOULD NOW TALK TO HIM BUT THAT THE CHAMBER WOULD SUPPORT THE MEDIATION EFFORT IN SEARCH OF A MODERATE SOLUTION AND IN CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MANAGU 04286 02 OF 02 122036Z

ORDER TO STOP THE KILLING AND DESTRUCTION NOW. HE ASKED THAT THE USG EXERT ITS INFLUENCE TO OBTAIN ASSURANCES THAT THE SOMOZA REGIME NOT CONTINUE TO HARASS AND JAIL MEMBERS OF THE CHAMBERS AND OTHER OPPOSTION GROUPS, THE VERY PEOPLE WHOM A MEDIATION EFFORT MUST BE IN CONTACT WITH IN ORDER TO MAKE IT WORK. HE GAVE THE NAMES OF THOSE PRESENT BESIDES HIMSELF, REYNALDO HERNANDEZ AND ORLANDO RUIZ, AS WELL AS OTHER MEMBERS OF THE CHAMBER OF COMMERCE BOARD, CESAR DELGADILLO AND INEZ INCER, AS EXAMPLES OF PEOPLE WHO WERE BEING HARASSED AND IN DANGER OF BEING JAILED. HE PROMISED TO SEND THE EMB A LIST OF CHAMBER MEMBERS BEING PURSUED BY GON. THE AMB SAID HE WOULD REPORT THEIR PREOCCUPATIONS TO WASHINGTON. ALL AGREED THAT THEY SUPPORTED THE MEDIATION EFFORT AND SAID THEY WOULD BE IN CONTACT WITH OTHER OPPOSTION GROUPS TO COORDINATE AND WOULD KEEP IN CONTACT WITH THE EMBASSY. UPON LEAVING THE EMB SR. HERNANDEZ EXPRESSED TO ECON CHIEF THE HOPE THAT THE USG COULD USE ITS GOOD OFFICES TO ENCOURAGE THE INTERNATIONAL RED CROSS TO PROVIDE MORE ASSISTANCE TO THE NICARAGUAN RED CROSS. HE SAID THE SITUATION IS VERY BAD IN SOME OF THE PROVINCIAL CITIES AND MEDICAL SUPPLIES AND MEDICAL PERSONNEL ARE VERY SHORT IN SUPPLY. ECON CHIEF SAID HE WOULD PASS ON TO WASHINGTON THE EXPRESSION OF CONCERN.

4. IN THE EVENING AMB MET WITH FERICO LANG, PRESIDENT

OF THE ASSOCIATION OF AUTOMOTIVE DISTRIBUTORS AND SPOKESMAN FOR THE ASSOCIATION OF HARDWARE OPERATORS. LANG,

WHOSE SON WAS LIBERATED FROM JAIL BY THE FSLN NATIONAL PALACE OPERATION, WAS ALSO IN FAVOR OF THE IDEA OF MEDIATION. HE STRESSED THAT THE NEED FOR URGENTLY MOVING AHEAD WAS TO SAVE THE BUSINESSES AND INDUSTRIES ON CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MANAGU 04286 02 OF 02 122036Z

STRIKE, AND TO GIVE STRIKERS THROUGH MEDIATION AN HONORABLE WAY TO END THE STRIKE. LANG ASKED HOW SOMOZA FELT ABOUT THE MEDIATION OFFER AND THE AMB REPLIED THAT HE BELIEVED SOMOZA WAS LUKEWARM. LANG EXPRESSED HOPE THAT THE USG WOULD EXERCISE PRESSURE TO OBTAIN SOMOZA AGREEMENT FOR THE MEDIATION.

5. COMMENT: IT IS CLEAR THAT THE GREAT MAJORITY OF THE NONPOLITICAL MEMBERS OF THE PRIVATE SECTOR ARE GREATLY CONCERNED ABOUT THE TURN OF EVENTS IN NICARAGUA. THEY ARE SHOCKED BY THE VIOLENCE AND RADICALIZATION OF NICARAGUAN SOCIETY. EVERY GROUP ASSURED THE AMB THAT THEY DID NOT SUPPORT VIOLENCE OF ANY KIND. HOWEVER, EXCEPT AMONG THE INDUSTRIALISTS, THERE WAS NOT MUCH LAMENTING THE CALLING OF THE STRIKE BECAUSE IT IS SEEN AS A CIVIL, NOT A VIOLENT ACTION OF OPPOSITION TO THE SOMOZA REGIME. THIS VIEW IS A MEASURE OF THE WIDESPREAD AND DEEP-SEATED DISCONTENT WITH THE SOMOZA DYNASTY HERE AND THE FEELING THAT THIS MAY BE THE LAST CHANCE TO SAVE NICARAGUA FROM AN EVEN MORE RADICAL UPHEAVAL IN THE FUTURE IF SOMOZA WINS THIS ROUND. IT IS CLEAR THAT THE PRIVATE SECTOR WELCOMES THE MEDIATION AS AN EXCUSE TO HONORABLY END THE STRIKE AS MANY OF THEM ARE FACING POSSIBLE BANKRUPTCY. THIS IS WHY THEY WANT IT AS SOON AS POSSIBLE THERE IS ALSO SUPPORT (ESPECIALLY FROM THE CHAMBER OF COMMERCE) FOR INCLUDING THE SANDINISTAS IN ANY MEDIATION EFFORT IF THEY COULD BE ENCOURAGED TO PARTICIPATE. THERE IS A UNANIMOUS AND STRONG FEELING AMONG BUSINESSMEN THAT THE MEDIATION EFFORT SHOULD BEGIN AS SOON AS POSSIBLE TO PREVENT FURTHER DETERIORATION OF THE ECONOMIC SITUATION AND OF THE SITUATION OF PUBLIC ORDER WHICH IS ALREADY EN EXTREMIS, ESPECIALLY IN SOME LOCALITIES OUTSIDE OF MANAGUA.  
SOLAUN

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## Message Attributes

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**Draft Date:** 12 sep 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Enclosure:** n/a  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014